



Press Release

MediVision Medical Imaging Ltd.

☎ + (972) 4-989-4884

☎ + (972) 4-989-4883

✉ P.O. Box 45, Yokneam Elit, Kenyon Drachim 20692, Israel

✉ noam@medivision-ois.com

FOR IMMEDIATE RELEASE

MediVision Presents Management's Report for the period ended September 30, 2005

Quarterly Revenues grew 18% to \$3.6M; EBITDA grew 19% to \$0.5M

Nine months Revenues grew 25% to \$10.2M; EBITDA grew 38% to \$1.2M

Yokneam Elit, Israel, MediVision Medical Imaging Ltd. (EURO.NM: MEDV) released today (November 21, 2005) information concerning its operations and financial results for the three and nine month periods ended September 30, 2005.

MediVision Revenues for the three and nine month periods ended September 30, 2005 aggregated to \$3,642,000 and \$10,167,000 compared to revenues of \$3,091,000 and \$8,156,000 for the comparable periods of 2004, reflecting an increase of 18% and 25% accordingly.

The EBITDA for the three and nine month periods of 2005 were \$528,000 and \$ 1,219,000, an improvement of 19% and 38% as compared with \$443,000 and \$881,000 for the comparable periods of 2004.

During the period ended September 30, 2005, 81% of the Company's revenues were generated in the US and 19% were generated in Europe and other markets.

Noam Allon, President & CEO of MediVision commented: "We continue to be pleased with the company results. The significant growth in sales and EBITDA are strong indicators for the momentum in our operations. The balance sheet has been significantly improved and demonstrates an impressive growth in Working Capital and various liquidity ratios. These trends and the growing investment in Research & Development, which rose to \$1,082K in the 9 months of 2005 - representing 11% of the revenues during that period, are key factors in our continuous growth plan."

Highlights of the period ended September 30, 2005:

Additional holdings in CCS – During the third quarter of 2005, and further to the acquisition of the majority stake of 54% in CCS Pawlowski GmbH ("CCS"), a leading German company in the field of ophthalmic imaging, MediVision completed the second acquisition step and acquired additional 9% of the common stock of CCS as per the terms of the original agreement, reaching 63% holdings in CCS. MediVision has the option to reach up to 80% of the company's holdings until January 2007.

Receipt of a \$2,000,000 long term loan - During the reported period, the Company received a long term loan from United Mizrahi Bank Ltd. in the amount of \$2,000,000. The loan will be paid in twenty four monthly installments, commencing on August 1, 2006, under certain conditions set forth in the loan agreement.

Sale of OIS shares - During the period the Company sold 400,000 of OIS's Common Stock to Meadowbrook Opportunity Funds LLC at a price of \$1.20 per share. The consideration received from the sales of these shares amounted to \$475,000 (net of expenses of \$5,000), and the Company recorded a capital gain of \$259,000. The Company also recorded a gain of \$102,000 from the issuance of shares by OIS upon the exercise of options and conversion of a note. The gain is included in other income. As a result of the foregoing transactions, the Company currently owns approximately 70% of OIS's outstanding common stock.

Implementation of New accounting policies - During the three and nine month periods ended September 30, 2005 the Company has adopted the implementations of the IAS 1, IFRS 2&3 accounting standards. This change is reflected (among others) in the consolidated statements of operations.

Information in regard to the Financial Situation for the three and nine month period ending September 30, 2005

CONSOLIDATED STATEMENTS OF OPERATIONS (U.S. Dollars in thousands, except per share amounts)

	For the nine months Ended September 30,		For the three months ended September 30,	
	2005	2004	2005	2005
	Unaudited			
Sales	10,167	8,156	3,642	3,091
Cost of Sales	4,085	3,231	1,405	1,274
Gross Profit	6,082	4,925	2,237	1,817
Operating expenses:				
Research and Development costs	1,082	701	349	246
Selling and Marketing expenses	2,511	2,376	883	790
General and Administrative expenses	1,435	1,250	509	434
Total operating expenses	5,028	4,327	1,741	1,470
Operating income	1,054	598	496	347
Financial expenses, net	279	245	123	85
Profit for the period before Other Income	775	353	373	262
Other Income, net	353	1,297	317	137
Profit for the period before taxes on Income	1,128	1,650	690	399
Taxes on Income	64	9	37	9
Net Profit for the period	1,064	1,641	653	390
Attributed to:				
Equity holders of the parent	707	1,458	473	289
Minority interests	357	183	180	101
	1,064	1,641	653	390
Basic and diluted earnings per share (in U.S. Dollars)	0.10	0.21	0.07	0.04

Management's Discussion and Analysis of the Financial Condition and Results of Operations of the Company

Sales - The consolidated Sales for the three and nine month periods ended September 30, 2005 aggregated to \$3,642,000 and \$10,167,000, as compared to sales of \$3,091,000 and \$8,156,000 for the comparable periods of 2004, reflecting an increase of 18% and 25% accordingly. During the nine months ended September 31, 2005, 81% of the Company's Sales were generated in the U.S. and 19% were generated in Europe and other markets compared with 84% of Company's sales in the U.S. and 16% in Europe and other markets during the comparable period in 2004. This represents the continuation of a shift from our traditional distribution of sales, which results from our focused sales efforts in Europe in general and the acquisition of a majority held subsidiary in Germany during the second half of 2004.

Gross Profit - Gross profit for the three and nine month periods ended September 30, 2005 were \$2,237,000 and \$6,082,000, or 61% and 60% of sales revenues respectively, as compared with \$1,817,000 and \$4,925,000 which were 59% and 60% of sales revenues for the comparable periods of 2004. This change in percentage stems predominantly from changes in product mix.

Research and Development Expenses - Total R&D expenses for the three and nine months periods ended September 30, 2005 amounted to \$349,000 and \$1,082,000 or 10% and 11% of Sales revenues respectively. The net R&D expenses in the previous comparable periods were \$246,000 and \$701,000 or 8% and 9% of Sales revenues for the parallel periods in 2004 accordingly. The R&D expenses for three and nine month periods ended September 30, 2005 were attributed mainly to the R&D efforts made in the development of new digital imaging products.

Selling and Marketing Expenses - Total Selling and Marketing expenses for the third quarter and nine months of 2005 amounted \$883,000 and \$2,511,000 which are 24% and 25% of total Sales revenues, as compared with \$790,000 and \$2,376,000 which were 26% and 29% of total Sales revenues for the parallel periods in 2004. The improvement in these ratios is mainly attributed to the increase of sales revenues.

General and Administrative Expenses - General and Administration expenses include mainly salaries, professional services, rental, maintenance and various provisions. Total General and Administrative expenses for the three and nine month periods ended September 30, 2005 were \$509,000 and \$1,435,000 which are

14% of the total Sales in both periods, as compared to \$434,000 and \$1,250,000, which were 14% and 15% of total Sales for the parallel periods of 2004.

Other Income, Net - Other income, net is attributed to Capital gain resulting from sales of OIS shares and issuance of shares by the company's subsidiary to the Laurus fund, related to the financing agreement signed on September 30, 2003. During the reported period the Company sold 400,000 of OIS's Common Stock to Meadowbrook Opportunity Funds LLC at a price of \$1.20 per share. The consideration received from the sales of these shares amounted to \$475,000 (net of expenses of \$5,000), and the Company recorded a gain of \$259,000. During the parallel periods in 2004, the Company recorded a capital gain at the amount of \$979,000 from the sale of approximately 8% of its holdings in OIS. This capital gain constitutes the main variance in Other Income as compared with the equivalent reported periods in 2005.

Minority Interest - Minority interest for the three and nine months periods ended September 30, 2005 is attributed mainly to the part of OIS minority shareholders in the profits of OIS which amounted to \$180,000 and \$357,000 respectively. In addition \$12,000 and \$23,000 are attributed to the minority shareholders of CCS Pawlowski GmbH, the company's German subsidiary.

Balance Sheet Information

	<u>September 30, 2005</u>	<u>December 31, 2004</u>
Assets		
Current Assets		
Cash and cash equivalents	4,306	2,311
Restricted cash	150	150
Trade receivables, net	3,281	2,395
Other accounts receivable and prepaid expenses	489	227
Inventories	688	945
Total Current Assets	<u>8,914</u>	<u>6,028</u>
Property and Equipment, net	229	284
Deferred Tax Asset	1,029	1,029
Goodwill and Other Assets	<u>3,831</u>	<u>4,125</u>
Total Assets	<u><u>14,003</u></u>	<u><u>11,466</u></u>
Liabilities and Equity		
Current Liabilities		
Short-term credit	1,558	1,913
Trade payables	491	592
Other accounts payable	4,480	3,683
Total Current liabilities	<u>6,529</u>	<u>6,188</u>
Long-Term Liabilities		
Long-term loans, net of current maturities	2,329	1,506
Accrued severance pay	151	144
Total long-term liabilities	<u>2,480</u>	<u>1,650</u>
Total liabilities	<u>9,009</u>	<u>7,838</u>
Equity		
Share Capital	165	165
Additional paid-in capital	8,496	8,391
Capital reserve	(311)	(311)
Accumulated deficit	(4,682)	(5,389)
	<u>3,668</u>	<u>2,856</u>
Minority interest	1,326	772
Total Equity	<u>4,994</u>	<u>3,628</u>
Total liabilities and equity	<u><u>14,003</u></u>	<u><u>11,466</u></u>

Cash and working capital - During the nine months period ended September 30, 2005 cash and cash equivalent were increased by \$1,995,000 resulting mainly from cash provided from operations, sales of OIS shares held by the Company and from the receipt of a new long term loan.

Long-term debt - Long-term debt during the nine months period ended September 30, 2005 was increased from \$1,650,000 to \$2,480,000 due to the receipt of a new long term loan net of repayment of existing long-term loans.

Total equity - During the nine months period ended September 30, 2005, total equity was increased by \$1,366,000 or 38% reaching \$4,994,000.

About MediVision

MediVision specializes in digital imaging devices for medical ophthalmic applications with an emphasis on diagnostics related to the eye retina. MediVision's products are designed to provide digital upgrades for a range of ophthalmic imaging systems, thus significantly enhancing imaging capability and providing its users with advanced diagnostic tools. The company has significant market share and is a market leader in the ophthalmic digital imaging field. The Company owns 70% interest in Ophthalmic Imaging Systems Inc. based in Sacramento, California, USA. The Company holds 63% interest in CCS Pawlowski GmbH. Based in Jena, Germany.

This Release contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events, the outcome of which is subject to certain risks and other factors, which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results of outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended.

End of message

For more information, please contact:

Noam Allon

President, Chief Executive Officer

MediVision Medical Imaging Ltd.

Tel. +972-4-9894884; Fax +972-4-9894883

noam@medivision-ois.com